

**FREQUENTLY ASKED QUESTIONS (FAQ)**  
**ON BANK INDONESIA CIRCULAR LETTER NO.12/ 16 /DPM DATED**  
**JULY 6, 2010 CONCERNING**  
**PROVISIONS ON THE CRITERIA AND REQUIREMENTS FOR**  
**SECURITIES, PARTICIPANT, AND INTERMEDIARY IN MONETARY**  
**OPERATION**

- 1. What are the background and purpose of the issuance of provisions concerning the criteria and requirements for securities, participant, and intermediary in monetary operation?**

The issuance of provisions concerning the criteria and requirements for securities, participant, and intermediary in monetary operation is aimed at anticipating the dynamics of money market developments, specifically in relation to the possible utilization of securities other than Bank Indonesia Certificates and Sovereign Securities in monetary operation and the possible expansion of participation in monetary operation transactions.

- 2. What are the criteria and requirements for securities that can be used in monetary operation?**

The criteria of securities which can be used in monetary operation, among other things, are; they are issued by Bank Indonesia and/or the Government of the Republic of Indonesia, they must be in Rupiah, and they are not subject to any pledge. Securities meeting such criteria are Bank Indonesia Certificates (SBI) and Sovereign Securities (SBN). SBI and SBN which can

be used for repo transactions and lending facilities must meet the following requirements:

- SBI: having remaining tenure of at least 2 (two) business days on the second leg of repo transactions.
- SBN (SUN and SBSN): having remaining tenure of at least 3 (three) business days on the second leg of repo transactions.

**3. How are the price and haircut of securities determined in monetary operation?**

**a. SBI**

- The price of SBI is determined by Bank Indonesia by taking into account, among other things, weighted average of discount rate on the the issuance date and remaining tenure of each series of Bank Indonesia Certificates.
- Haircut for Bank Indonesia Certificates is determined in the amount of 0% (zero percent).

**b. SBN**

- The price of SBN is determined by Bank Indonesia by taking into account, among other things, the market price of each type and series of SBNs.
- Haircut for State Securities is determined to be 5% (five-percent)

**4. Who can participate in monetary operation, and what are the requirements?**

Monetary operation participants are banks, with the requirements as follows:

- Having active status as participants of BI-SSSS and BI-RTGS System
- Not being subject to a temporary suspension of its participation in monetary operations activities.
- Must have demand deposit accounts in Bank Indonesia.
- Must have securities accounts in BI-SSSS.

DPM